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ABSTRACT

Policymakers must review the accomplishments of the Comprehensive Employment and Training Act (CETA), problems associated with suggestions for its reform, and incremental reforms to the program that are required and possible. Despite the fact that research generally attests to CETA's success, the system suffers from a poor public image. Particularly popular among the many suggestions for overhauling CETA are various private sector and block grant proposals. While the private sector should be encouraged to increase its participation in CETA, past experience supported by recent findings strongly suggests that private sector efforts cannot become more than supplemental parts of a remedial employment and training program. Similarly, while the block grant concept has a role to play in the total CETA picture, it would be unrealistic to expect that block grants can serve as a single tool designed to mitigate an entire range of diverse labor market problems. The National Council on Employment Policy recommends a variety of management changes with respect to the following areas: prime sponsors, federal and state roles, incentives, performance standards, minimum funding, technical assistance and research, and youth unemployment. However, any temptation to perform major surgery on CETA should be resisted. (MN)

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MANAGEMENT OF REMEDIAL EMPLOYMENT AND TRAINING PROGRAMS IN THE 1980s

A Policy Statement by

The National Council on Employment Policy

2000 K Street, N.W., Suite 454
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January 1982

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MANAGEMENT OF REMEDIAL EMPLOYMENT AND TRAINING PROGRAMS IN THE 1980s

Patience has been a virtue in short supply when dealing with our nation's remedial employment and training system designed to help those who have failed in--or have been failed by--American labor markets. In anticipation of the expiration of the Comprenensive Employment and Training Act (CETA) on September 30, 1982, there has been a plethora of proposals which would discard a major part of the current system and start almost from scratch. Some proposals in effect would leave this nation without any credible remedial employment and training system.

Budget constraints, inflationary forces, and difficult economic adjustments are realities which must be faced in the 1980s. Yet, a system designed to reduce structural unemployment, increase the ability of disadvantaged workers to compete in labor markets and raise the earnings of destitute households makes sense in terms of both equity and economic efficiency. Along with monetary and fiscal policies, employment and training programs can--and should--be the third leg in any stool designed to promote healthy macroeconomic conditions including strong growth, price stability, and increases in productivity levels. Employment and training programs are also required to help depressed regions and those workers who have been hurt by either new technologies or imports. This nation would pay a serious price in both economic results and social unrest if it tried to face the 1980s without a credible remedial employment and training system.

While grand new designs and so-called bold initiatives may capture headlines, most of the new proposals do not stand up to closer scrutiny, and many of them have been tested before and found wanting. Incremental reform of the existing system may lack dramatic appeal, but it could very well prove to be the most realistic, prudent and productive approach. The way employment and training programs have been handled in the past can be compared to a farmer who almost every day pulls his carrots up out of the ground to see if they have grown.

There are many adjustments that could be made within the current CETA system to improve both its efficiency and equity. However, some often expressed negative views about the system are not backed up by the facts. Also, some very positive developments could be lost in the name of reform. The critical issues are (1) what has CETA accomplished?; (2) what are the problems associated with the grand new designs that have been suggested?; and (3) what incremental reforms are required and possible?

CETA Has Been Successful

The desire for a major overhaul often stems from the notion that CETA has failed. However, the most current longitudinal data, backed up by other sources, indicate that almost all of the major CETA components have been a good investment for society, and they have returned benefits well in excess of costs.

Cost-benefit analysis and other statistical evaluation methods are, of course, not an exact science. But as the Council demonstrated in its September 1981 policy statement, positive findings are consistent under a wide range of assumptions. 1/

The ultimate goal of CETA's employment and training services is to improve the employment and earnings of an economically disadvantaged clientele. For most of those services, the results can be measured in terms of earnings and employment gains of participants compared to those of similar nonprogram participants. However, the remedial system also seems to be providing other benefits which are harder to quantify including reduced youth arrest rates and increases in the percentage of youth who return to school. Also, basic educational training has raised reading and math levels by statistically significant amounts for disadvantaged workers and students. For many, the improvement made possible the attainment of general education development (GED) certificates which have improved job placement chances and earnings.

Then Why the Urge to Overhaul?

If most of CETA's service components provide healthy returns to society, then what accounts for the often alleged failure of the system? What explains the drive to overhaul the current federal, state, and local prime sponsor arrangement?

First, the employment and training system produces a very mild form of resource and income redistribution. This redistribution effect, no matter how small, may help explain why some taxpayers appear restive about what appears to be a productive social investment. In an economy experiencing rapid growth in productivity, taxpayers might be expected to be quite generous in sharing part of their added slices from an expanding pie. As productivity growth rates have declined, CETA's reallocation of resources may be viewed in a different light by some. Also, the disadvantaged clientele served by these programs have rarely been popular among other segments of the body politic.

Second, even though the results remain positive, one would have hoped for significant improvements under CETA's local stewardship. However, evaluations indicate that the net returns garnered under CETA are about the same as those experienced under the Manpower Development and Training Act and the Economic Opportunity Act prior to the start of the local prime sponsor system in 1974. Thus, while the results have been positive there have not been--at least in identifiable and measurable form--the significantly increased payoffs that had been anticipated under a decentralized system.

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[1]National Council on Employment Policy, CETA's Results and Their Implications, September 1981.

Third, the positive results documented in follow-up studies have come to light only in recent months, whereas the momentum for changes has germinated over several years. The damage done to the CETA image stems largely from the "fraud and abuse stories" that grew out of the massive PSE build up in 1977. Apparently the circulation and impact of the facts as documented by longitudinal data and other sources have not yet counteracted the previous image.

Fourth, there is a new infatuation in the country with the "private sector." The oft repeated homily that 5 out of 6 jobs are in the private sector, has led to an assumption that the private sector wants to assume the major responsibility for training and employing the structurally unemployed. Certainly there has been no private sector surge forward to take the reins, but rather there has been an urge by some to diminish the federal government's responsibility in this area. The suggestion to turn over the publicly-funded employing and training system to the private sector appears to be an act of faith not based on any actual track record of positive performance on behalf of the typical CETA participant.

Fifth, there are a plethora of actors and systems addressing many different problem areas in our often malfunctioning economy. Some focus on the new entrant to the labor force and the long term disadvantaged worker; others address increased productivity, relocation, or retraining. Viewed simplistically, there are allegations of duplication and calls for consolidation. The role and function of each system may need some reexamination and redefinition, but throwing everything into one pot does not guarantee an edible broth.

Sixth, although CETA appropriations have forged a path that would challenge a roller coaster, there is a perception that serious labor market planning has not taken place. From many quarters, there is concern that the smaller pie is being divided into too many pieces and the pendulum appears to be swinging from local government to the state government. This swing is closely related to the duplication issue noted above. There is a furtive hope that somehow the governors and the state legislature will consolidate, coordinate and make everything better. In truth, during the brief 8 year history of CETA, the balance of state systems and state employment and training councils with coordinating responsibility have been the weakest links in the system. Concerned analysts have suggested alternative methods of providing CETA programs for geographical areas presently covered by balance of state systems--along the lines of sub-state or multi-state regional labor market areas--which would receive grants directly from the Labor Department rather than going through the state. 2/

Another reason for the potential overhaul is that CETA has not generated new training institutions. Instead, it has utilized skill centers established in the 1960s and some mainstream vocational and proprietary schools. The quality of CETA training is primarily a product of the local institutions. Prime sponsors normally buy services from

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[2]Randall B. Ripley, "Management of the CETA System," in Garth L. Mangum, ed., CETA Results and Redesign (Washington: The National Council on Employment Policy, 1981).

whatever training entities exist in the community. Fortunately, many prime sponsors have access to some high-quality training institutions, but the others must settle for what is available. However, though CETA may have had limited impact on the quality of training available in most communities, it has had a major impact on the willingness of training institutions to enroll and serve economically disadvantaged trainees.

The dependence of CETA on the availability and quality of the local training system applies to other services. Most often, the CETA prime sponsor functions as a broker and coordinator of services rather than as a service deliverer. The prime sponsor can encourage quality services but, with few exceptions, cannot deliver them. The prime sponsors depend, therefore, on the performance of: (1) local education and training institutions; (2) the public employment service, which often provides labor market information, certification of eligibility, payment of allowances, operation of intake and assessment centers, marketing of OJT, and other linkages with the employer community; and (3) local community-based organizations, which vary as to their service delivery capacity but are important for their client-advocacy role. 3/

Also, in the past CETA--at the direction of Congress--placed emphasis on employment and not enough resources have been allocated to training. However, this was understandable given the high unemployment levels that have existed for most of CETA's life.

Private Sector Proposals

While the private sector should be encouraged to increase its participation in these programs, past experience backed up by recent findings strongly suggests that private sector efforts cannot become more than supplemental parts of a remedial employment and training system. To contend that private sector efforts can only have a marginal impact is not to damn these endeavors. But the worst thing that could be done to the private sector efforts would be to oversell their potential benefits for society and disadvantaged individuals.

Unlike Western European employers, there is very little in the United States' tradition for business undertaking an active role in formal programs designed to help the disadvantaged become economically independent. Such traditions cannot be built quickly as past programs demonstrate. Society's long range employment and training goals do not easily fit into private sector objectives which must keep profits and shareholders in the foreground. It has proven to be very difficult to make such social undertakings profitable.

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[3] Sar A. Levitan and Garth L. Mangum, eds., The T in CETA: Local and National Perspectives (Kalamazoo, Mich.: The W.E. Upjohn Institute for Employment Research, 1981).

In order to minimize governmental efforts, Congress has tried to encourage direct placement of disadvantaged workers by granting tax credits and wage subsidies to private employers. The results of two of these programs--the Targeted Jobs Tax Credit (TJTC) and the Private Sector Initiative Program (PSIP)--indicate why an effective remedial employment and training system cannot be replaced by private sector efforts even if tax rates are adjusted and direct subsidies are provided to business firms. Under TJTC approximately two-thirds of the employees certified under the program were found to be eligible only after they had already been hired. The Reagan administration called on Congress to let the TJTC expire, claiming that it had not been an efficient incentive to employers for hiring from the targeted groups.

Tax credits and different forms of subsidies are one type of weapon in the employment and training arsenal. When they are combined with other public efforts they often prove to be effective. However, it would be a grave mistake--particularly with the high unemployment rates of the early 1980s--to believe that the current system of employment and training programs can be replaced with tax credits or some form of payments to the private sector. Budget constraints and cost-effectiveness also diminish the degree of reliance that can be placed on this approach.

Other proposals would replace the current CETA prime sponsor with private sector boards. PSIP, launched in 1978, has been an attempt to make local industry an integral component--backed up with funds of CETA programs. Under PSIP, prime sponsors were to have Private Industry Councils (PICs) which were to be controlled by business. Although PICs had been established in most prime sponsor areas by mid-1981, only about one in ten PICs was really an active body separate from normal prime sponsor operations. 4/

PICs have not found it much easier than prime sponsors to access private employers through on-the-job training. The evidence suggests that PICs cannot replace prime sponsors as the managers of local programs. It also seems that PIC-contracted programs tend to serve fewer hardcore disadvantaged workers compared to prime sponsors. 5/ Based on PSIP and past policies such as the National Alliance of Business' Job Opportunities in the Business Sector program, it appears that the private sector can play an important supplemental role. But it is neither willing nor able to take over a majority of the remedial employment and training system. Those local areas which seem to be the most disadvantaged and need the most help

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[4] Sar A. Levitan and Richard S. Belous, "Bridges to the Private Sector: Remedial Employment and Training Programs," in Garth L. Mangum, ed., op. cit.

[5] Thomas J. Smith, Private Sector Intiatives Program (Philadelphia: The Corporation for Public/Private Ventures, 1981).

have had the hardest times establishing effective private sector programs. 6/

There have been other proposals to replace CETA with councils run by an equal number of business, labor and government representatives. West Germany's labor market boards are often pointed to as a good paradigm of such an institution. Unlike American CETA prime sponsors, the German labor market boards, as such, are not an official governmental entity, but a quasi-private corporation, designed to manage a so-called total employment and training system. Activities of the labor market boards are financed through a mixture of employer taxes (similar to American Unemployment Insurance), employee taxes, and government appropriations taken from general revenues.

However, there are several major problems which would make it difficult to import a full-fledged European-like labor market board here. The European training programs require a high degree of educational tracking and segmentation within their school systems. Americans have shown no interest in having U.S. students make such basic career decisions at an early age, and in fact individual freedom has been emphasized. Also, in an era of tax reductions, it is unlikely that either policymakers or the business community would suggest tax increases needed to finance these boards as they are in Europe. At the same time different labor force characteristics and policies, as well as cultural traditions, have made it easier for labor market boards to operate in Europe compared to America.

Block Grant Proposals

The second major group of overhaul ideas have centered on block grants. However, to paraphrase Humpty Dumpty, block grants have come to mean almost whatever an individual wishes to call a block grant. They represent an amorphous gray area between revenue sharing programs and categorical grants.

The irony is that CETA was supposed to represent a major drive towards decentralization and decategorization. As social legislation of the early 1970s, CETA can be viewed as one of the granddaddies of block grants. In reality few grants are pure types, and CETA has been a mixture of several different forms. Every time CETA has come up for congressional review, there has been more recategorization and recentralization of policy objectives amended to the Act. The 1978 round of amendments increased the targeting provisions of the law in an effort to center more scarce resources on the disadvantaged. At the same time there have always been national programs for groups and problem areas that go beyond any local jurisdiction. But even in this case, the mixture of grant systems has resulted in most of the national program monies being distributed to local prime sponsors for specfic categorical objectives.

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[6]Thomas Seesel, Making the Connections: Private Industry Councils, A New Direction for CETA (Philadelphia, Pa.: The Corporation for Public/Private Ventures, 1980).

Congressional action on the Reagan administration block grant proposals in 1981 indicates that lawmakers are often unwilling to totally give up control. In certain cases, the block grants created in 1981 contain new strings. For example, the maternal and child health block grant prohibits states from charging low income people for services--a restriction not spelled out in the categorical program. Less than 10 percent of federal aid for 1982 is in the form of block grants.

Also, over the years congressional amendments of CETA have shown that lawmakers from both parties are not willing to just give out money with no control on the direction of programs. Congress has created provisions to see that funds are targeted on the destitute facing serious labor market problems. The part of CETA closest to a pure block grant would be Title IIBC training by local prime sponsors, but even here the federal government has reviewed local prime sponsor plans, tried to establish various program performance indicators, and has not relinquished total control.

Some proposals suggest that CETA be replaced by a block grant that might also include vocational education and other employment and training services. The funds would flow from Washington to the states, and it would be up to the states to distribute the funds. In each case the proposed resulting funding level for the combined block grant has been less than the combined totals for the categorical programs. Other proposals have suggested that two employment and training block grants could be established. One would go to the states, while a second grant could direct funds to existing local prime sponsors.

There are inherently troublesome problems in replacing the CETA system with a block grant to the states. While state participation in some policymaking makes sense, most states are far too diverse for the planning and delivery of services to local labor markets. No simple block grant can encompass the complex relationships between local and state governments.

If it is to be a block grant to the governors, then how shall they determine the allocation of the shrinking funds? Are federal policymakers to negate all responsibilities, no matter who is--or is not--served? Even if governors wished to allocate their funds based on some formulas, the data to make rational decisions is lacking in most cases--a problem that exists under current CETA allocations.

Experience has shown that the broader a grant both geographically and functionally, the more likely it is that federal funds will not be especially concentrated on the most disadvantaged groups who are notoriously lacking in political clout. Stubborn and lasting problems of the structurally unemployed and disadvantaged workers are not the types of pathologies designed to be handled by pure block grants to states. Instead, a block grant to the states will aid more areas and people in a broader income spectrum--despite segments of concentrated hardship--than a grant to a local prime sponsor, in most cases. 7/ This would be the case even if

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7/ Richard P. Nathan, Alternative Intergovernmental Arrangements for Employment and Training Programs, Princeton University, 1981.

the data existed for states to establish so-called objective funding formulas.

As indicated by the block grants created in 1981, federal administration may be loose, but the programs themselves are still bound by congressionally tied strings. Although different words and concepts come into vogue at different times, all of America's various labor market pathologies cannot be mitigated by the same program structure. Decentralization, despite the fact that it did not vastly increase the program payoff, was the correct direction for employment and training programs. Despite the problems, the system of local prime sponsors has developed, in general, into an efficient mechanism for placing resources into the hands of training institutions and channeling eligible individuals into training programs. In fact, CETA-funded training activities appear to be more flexible in phasing in or out according to community need than is common among training institutions. As brokers, the prime sponsors have, for example, opened the door to proprietary schools for numerous enrollees who could not meet entry requirements on an individual basis.

The CETA system involves a partnership of federal, state, and local governments, with advice from other labor market participants, for the delivery of services. The CETA decisionmaking process involves elected officials, prime sponsor staff, advisory bodies (including employers and unions), contractors and subcontractors, client groups, and the public at the local level, all interacting with state officials and agencies, federal Labor Department officials, and, ultimately, the Congress.

It is unrealistic to believe that a "one size will fit all" approach will work. In certain cases--as indicated by Title IIBC--more of a block grant approach may be warranted. Other programs, such as the Job Corps, are better handled as national programs. Decentralization produces many benefits, but this does not mean that the federal government has no centralized functions in the process. One major federal role should be to provide technical assistance, staff development and research. Initial experiments also are underway with prime sponsor-to-prime sponsor technical assistance, and they should be encouraged.

It has taken many years to build up this system, and given the results it would be reckless to discard the prime sponsor structure or totally replace it with a block grant to the states. There has been no evidence offered that such an approach would be either more efficient or equitable than a system of locally accountable prime sponsors. Just as it would be unrealistic to expect that the employment and training system can be turned over to the private sector, it is equally unrealistic to expect that it can be just turned over to the states in the form of one pure block grant.

The fact that there are several different training systems such as CETA and vocational education--instead of one--should be welcomed. Besides providing some healthy competition, the multiple programs can center in on different missions. The central focus of some programs can be to aid long-term disadvantaged workers while other programs may have productivity enhancement, for example, as a primary goal. Often aiding the long-term disadvantaged and productivity growth will go hand-in-hand, but sometimes different goals may conflict. A program which only centered on maximum

increases in output-per-workhour might seek this goal at the expense of other objectives such as equal employment opportunity or required non-occupational training (e.g., basic educational skills).

The point is that America in the 1980s faces not one but several serious labor market pathologies. Millions of Americans will continue to face long-term structural unemployment; certain regions of the country will continue to face economic slumps even after the rest of the nation experiences economic recovery; and boosting productivity and providing workers qualified in new skills sought by employers all will remain problems in the 1980s.

It is unrealistic to believe that one single program or management structure is the optimum solution for each and every one of these problems. A program such as CETA can concentrate on the needs of disadvantaged workers, while vocational education can place greater emphasis on the productivity needs of the nation.

What is important is not that there exists one--and only one--employment and training system or structure, but rather the central concern is that there be significant interface among the various human resource components. On this point there are some very hopeful signs. Prime sponsors estimate that they are providing, for example, more than one-fourth of their Title IIBC funds to public vocational education. This allocation is beyond the 6 percent already set aside for this purpose under that title. In addition, CETA requires that 22 percent of Title IVA funds for Youth Employment and Training Programs be spent on programs jointly designed by CETA staff and local educators.

The block grant concept has a role to play in the total picture, but as a single-minded rule of the road it will create more traffic jams than it eliminates. It would be unrealistic to expect that a block grant to the states can serve as a single tool designed to mitigate an entire range of diverse labor market problems.

Improving the System

As indicated, incremental reform may not be as eye-catching as calls for new grand designs. But it could have a greater impact on improving services while conserving past and recent accomplishments within the employment and training system. While the current system should be amended, the best evidence does not indicate that it has failed. For these reasons, the Council believes that the following management changes are in order:

Prime Sponsors

The goal of having local decentralized decisionmakers in charge of most of the remedial employment and training programs is sound. However, some changes in the current prime sponsor structure should be undertaken.

First, most prime sponsors represent an area which is far smaller than a local labor market. There are indications that both planning on the types of services to be provided and management capacities could be improved if the population served by a prime sponsor was generally larger. Also, a major threat to the future of the CETA prime sponsor system is the administrative cost implications of shrinking resources. To avoid siphoning scarce resources away from direct participant services, it will be necessary to reduce the number of prime sponsors. Hence, measures are required for identifying and consolidating for planning and administrative purposes labor market wide associations of governments.

Second, the inputs of all relevant interests in the community--target groups, employers, labor organizations and service deliverers--are essential to decentralized decisionmaking. However, Congress has now mandated three sets of advisory councils for each prime sponsor, all with overlapping and unclear functions. One should be enough.

Advisory councils have not generally worked well where the CETA operations are spread beyond the local community lines. They also work little where their function is not considered important by the chief elected official and staff, or where their advice is ignored, or where little of significant is happening under CETA.

Third, employer representatives should be made an integral part of the prime sponsor operation--where possible. While these employer representatives should not have control over such management decisions as in-take and who will be served, they should have significant influence over the types of occupational training provided and over job placement. In this sense the prime sponsor could incorporate some of the features of a labor market board, but <u>not</u> at the abandonment of responsibility or accountability by local elected officials.

<u>Federal and State Roles</u>

It is not realistic or wise to expect the federal government to have no input in the allocation of employment and training funds. Certain programs such as Job Corps and services for national programs (e.g., migrant workers and native Americans) should remain in federal control. However, for most national programs, the practice of federal allocation to prime sponsors--for specific programs run on the local level--should be continued. At the same time the federal government should retain some targeting provisions. The federal government also has a role to play in technical assistance, research and demonstration projects. The testing of new ideas and concepts is often best prudently handled as demonstration projects which lead to sound statistical analysis and evaluation of rigorous experiments. The federal government has a major role to play in this knowledge development process.

The states often have not earned marks of distinction in their CETA roles. In fact, the data indicate that the balance of state programs have been among the least impressive. It requires a leap of faith in absence of any empirical evidence to believe that a stronger state involvement would improve CETA administration. Despite this, indications are that the state

role in the system is slated for expansion. However, not all employment and training funds should be given to the states under a pure block grant system. While governors could be given more discretionary powers over a portion of the funding, federal law should mandate that a major proportion be either directly allocated, or passed through, to the local employment and training decisionmaking units.

Incentives

A major goal of CETA was to improve local labor market planning and delivery of services. However, there are few incentives and rewards built into the system. In a competitive market decentralized producers and consumers are rewarded for efficient behavior and plans that respond to market forces. CETA has created decentralized decisionmakers, but it has failed to provide incentives for rational planning. For example, the existing funding structure is inadequate to encourage units of government to combine in meaningful labor market-wide consortia. The balance of states also have no labor market meaning.

Planning should be forward looking and continuous. Yet the data provided for planning purposes, especially allocations of future funding levels, are always late and sometimes long after the fact. The planning concept will not be meaningful until there is multi-year funding and stability in federal policies.

The CETA system clearly can and does serve its clienteles reasonably well and has generally adapted its operations to local social, political and economic conditions. Yet a number of shortcomings have reduced the total payoff. There is considerable operational planning in the use of each year's budget, but not much strategic planning relating the use of CETA resources to the broad and long-term needs and objectives of the areas served.

Labor Department performance assessment factors and weights indicate that prime sponsors are judged much more on short-run financial and cost considerations than long-term human resource planning. With these assessment criteria it is not surprising that among the 28 prime sponsors rated as having serious problems over all titles in 1980, the quality and quantity of training was mentioned as one of the deficient aspects only three times. For the prime sponsors with serious problem rankings on Title IIBC, the quality or management of training was not mentioned once as a primary factor.

Local prime sponsors have responded to set-asides and similar features. If certain types of behavior are desired--rational planning on the labor market level, plans that look at actual long-term needs and goals--then incentives must be built into the system which encourage and reward these actions. Lack of these types of incentive may be a key factor blocking added increases in the payoffs garnered by CETA.

Performance Standards

There has been a continuous but unsuccessful search for acceptable and effective performance measures. The immediate placement and positive termination rate standards are misleading and counterproductive. They favor short duration training and work experience because they produce low-cost immediate payoffs. Based on immediate post-enrollment observations, results of work experience compare favorably with those from training programs. Yet national longitudinal data disclose that the former has long-run neutral, and the latter positive, results in cost-benefit terms. Without the benefit of other information, local decisionmakers are prone to use immediate placement and cost figures in making service mix decisions. Greater emphasis should be placed on the long term results if the program payoff is to be increased.

Minimum Funding

The employment and training system, like many types of events in the physical sciences, has a point of critical mass. To fall short of this minimum level of resource allocation means that the system will not be able to operate efficiently. Its funds and efforts will be spread so thin that it will not be able to have a real impact on the local, state or national levels.

Unlike the physical sciences, the critical mass point for employment and training programs is difficult to measure. However, based on past experience and recent conditions within American labor markets, a minimum annual funding level of $4 billion is a reasonable estimate. In the private sector many firms require a basic level of output if they are to break even or earn a profit. While not a profitmaking institution, a similar concept holds true for the employment and training system.

Technical Assistance and Research

There is a serious need for a positive technical-assistance-and-guidance approach to replace the adversary relationship, which has grown between prime sponsor and federal agencies. Such a system need not reduce local autonomy and discretion. Unlike regulations handed down from above, technical assisance is neither arbitrary nor compulsory. Prime sponsors would remain free to accept or reject. But given the hunger for direction, most prime sponsors would accept help without considering it a threat.

Sorely missed on the CETA scene is the federally contracted but privately operated technical assistance and staff training system, which once developed and disseminated curricula throughout the MDTA system and trained local staff. A possibility to be explored are computer-assisted and computer-managed instruction models which are being successfully promoted in general education and Job Corps centers.

Related is the need for a common, computer-linked management information system. Prime sponsors could feed in day-to-day operational data allowing constant monitoring of the system's inputs and outputs without the

burden of useless reports. Performance standards and records of individual progress could both be incorporated. The local operators could call up national comparative data to test their own performance, as well as storing their own information for future recall. The same facilities could serve the curriculum and management functions at lower long-run costs than the current inadequate information flows. That computer assisted and managerial instruction could be accomplished through the same systems is an added bonus.

Also, federally-sponsored research and demonstration projects remain a vital source of information on new methods for dealing with existing problems. Demonstration projects should remain a key part of the total CETA system.

A Two-Tiered System

There are and will probably always be more eligible disadvantaged workers willing to be trained in a stipended program for low-level entry occupations than there will ever be funding to support. There also will be a continuing flow of those who, at low per capita cost, can be made more employable by remedial education, English as a second language, and job search training. Many of those may not have the capability, endurance or resources to undergo more extensive training for high-level occupations. Yet there is evidence that there are many within the currently eligible population who could and would profit from the more extensive training, and at higher social benefit-cost returns.

Involved are two sets of institutional services. Some eligible enrollees are capable of undertaking occupational training. Others need a remedial stage. For these reasons there should be a two-tiered system which would provide short-term remedial and entry-level training accompanied by supportive services. This entry-remedial stage could be given for roughly 1 academic year--36 weeks--period per participant. The second-tier of the system would offer the opportunity for extended career training to those initially ready for it or who successfully completed the entry level. [8] In the long run this will have to be accomplished through the readjustment of performance standards as outlined above. In the interim we recommend that 10 percent of the funds should be set aside for these second-tier programs--assuming the existence of both jobs and training capability.

Youth Unemployment

The highest unemployment figures published are always those for the young, especially minority youth groups. Contrary to general belief, the demographic changes over the next ten or twenty years will not automatically solve this problem. In fact, the proportion of minority youth in

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[8] Robert Taggart, A Fisherman's Guide: An Assessment of Training and Remediation Strategies (Kalamazoo, Mich.: The W.E. Upjohn Institute for Employment Research, 1981).

the population will increase and not decrease in the near future. Also, longitudinal data indicate that youth unemployment is a lingering crisis that may produce lasting long-term scars which are carried into adulthood. 9/

Experimental programs have demonstrated that in some respects specialized employment and training services for minority and other disadvantaged youth are effective in meeting their specific labor market problems, even though most youths seeking jobs will also benefit from the training programs designed without any particular age group in mind. The youth programs can be designed for emphasis on prevention of job market problems rather than the remediation approach which is appropriate in many adult programs.

To insure adequate attention to acute youth unemployment problems, we recommend the inclusion of separate employability development funding for programs especially needed by the disadvantagd and minority youth segment of the labor force.

Future Directions

The temptation for radical surgery as part of CETA's reauthorization in 1982 should be strongly resisted. One luxury the employment and training system has never enjoyed is stability. There is no need to change the basic structure of the system, though there is need to delineate the roles and relationships of the players and the parameters of their managerial responsibilities. That does not preclude changing the service mix or eligibility criteria.

As a national policy, there needs to be more thought to a human capital development approach to employment and training. Concern for productivity, energy, and "revitalization" are refocusing attention on developing and upgrading the work force. The rapid fall-off in the number of youths entering the labor force during the 1980s will make each new entrant that much more valuable. But as indicated, many minority and disadvantaged youth will not be helped by these aggregate demographic shifts. If there is continued immigrant flow, this too will require an increased human resource investment.

There are other systems for other components of the human resource pool. CETA was designed to aid the disadvantaged, but overall national objectives are best served when the disadvantaged enter the mainstream. Also, indications are that unemployment will remain a significant feature within the American economy during a good part of the 1980s. While the emphasis should shift to training, there will be times when job creation is warranted and appropriate.

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[9] Arvil V. Adams and Garth L. Mangum, The Lingering Crisis of Youth Unemployment (Kalamazoo, Mich.: The W.E. Upjohn Institute for Employment Research, 1978).

We should have learned from 20 years of employment and training experience that institution building is a slow and painful process. In many ways, demographic and economic developments are recreating the issues--including technological displacement--out of which MDTA emerged in 1962.

Clearly the demographic and economic portents of the 1980s are for increasing training and employment needs if we are to revive the growth in productivity and prepare the labor force for what should be rapid change in technology. Dismantling a system which took 20 years to build, less than perfect as it still may be, is likely to prove all too soon to have been shortsighted and costly.